



Six Reasons Sellers (FSBOs - For Sale By Owners) Should List With a Broker

[1] The physical danger that FSBOs put their property and family in by allowing complete strangers into their home and property. Is this person really there as a prospective buyer or are they looking at the house for some other reason? The people that brokers bring are fully qualified buyers who are ready to purchase their new home and will be accompanied by a licensed real estate agent.

[2] On average, nationally, FSBOs sell for 15% less than listed properties. This discount takes place in all areas of the country and in any kind of market. Most FSBOs don't understand this concept. The reason for this discount is that FSBOs attract skilled negotiators, bargain hunters and investors, not good, qualified buyers. Since there is no cost to a buyer to use an expert, local, real estate agent, why would a buyer go directly to a FSBO? These free brokers help buyers in many ways: understanding the market, searching for the right home, negotiating, writing and signing contracts, inspections, and closings. Savvy, experienced real estate investors don't need the help of local brokers. But those buyers don't pay market prices. Buyers who are working with brokers pay more for a house, because it will be their home.

[3] Sellers have directly conflicting interests with buyers. FSBOs are trying to sell for top dollar and buyers want the best value. Savvy buyers know that they make their money on the buy. Real estate sales are complicated transactions. The buyer's earnest money is at risk. Most buyers don't go through this process many times in their life, so they feel more comfortable using a broker. Most buyers don't even want to see or speak to the seller, much less negotiate directly with them. They're interested in the home, not the family or people living in the home. And FSBOs want to negotiate directly with the buyer. That's why so many FSBO deals never make it to the closing table. Without a broker consulting and pushing the buyer, many buyers just walk away if the deal gets too difficult. So they hire a broker to negotiate for them. Why not, it's free for the buyer! FSBOs do not have a professional negotiating on their behalf. Negotiating on your own home is an emotional issue because it's your money and it's your home (2 hot topics). Without a professional negotiating on their behalf, FSBOs frequently push away the very type of buyers they're trying to attract during the negotiating stage.

[4] FSBOs have no financial safety net underneath them concerning future liability regarding their home sale. Real estate agents have errors and omissions insurance (EandO) specifically designed to protect sellers, usually for \$1M per transaction. In the case of liability, FSBOs are protected only with their equity. Frequently FSBOs mistakenly assume that their homeowners or umbrella policy will protect them in these cases. EandO insurance protects sellers in case their buyer decides to sue them for unintentional errors and non-fraudulent omissions that sometimes happen in real estate transactions. It doesn't make sense for a seller to sell their largest financial holding without this protection that real estate agents provide.

[5] FSBOs sometimes don't understand real estate contracts. Even though lawyers are used for real estate transactions here in New York, many lawyers are so tough that they are deal-breakers and without a broker pushing the deal will let a transaction fall through. There is a lot of work that the broker does once the contract has been signed.

[6] FSBOs have extremely limited exposure to qualified buyers, because real estate brokers don't show FSBOs. Most qualified buyers are working with brokers. The more exposure FSBOs have to brokers, the more buyers will come to see the house. The more buyers, the sooner the seller gets an acceptable offer. Limiting exposure makes no sense at all. Why would buyers forgo all of the benefits of working with a broker, at no charge, just so that they can deal directly with the seller on only one home?